

## **REMARKS**

Claims 1-20 are pending in the application. Claims 1, 9 and 17 are independent claims. Claims 1-20 stand rejected.

### ***Claim Rejections - 35 USC § 102***

Claims 1, 4, 7, 9, 12, 15, 17, 18 and 20 stand rejected under 35 U.S.C. 102(b) as being anticipated by Olsen US 2002/0123951.

Applicant respectfully disagrees.

Regarding independent claim 1, the examiner maintains that Olsen US 2002/0123951 teaches a method for correlation risk hedging as claimed. In particular the examiner maintains that the claimed “providing a product having a payoff value wherein the payoff value is a function of the similarity of the behavior of the intermediate performances of the at least two underlying assets, each intermediate performance being related to the time period between two successive intermediate dates” is taught by Olsen at ¶ [0004]<sup>1</sup>. The examiner indicates that the following excerpt teaches the claimed limitation: “One aspect of the present invention is a method for determining a portfolio comprising the steps of: inputting past portions of one or more time series of one or more underlyings; inputting one or more views about the future of the one or more time series; and determining one or more future paths of the one or more time series from the past portions and said views.” Olsen at [0021].

To anticipate a claim, the reference must teach every element of the claim. MPEP 2131. In the present action, the examiner has failed to demonstrate that Olsen teaches all of the elements of the claim 1. As indicated, the claim recites that the “payoff value is a function of the similarity of the behavior of the intermediate performances of the at least two underlying assets.” And in addition, the claim recites that “each intermediate performance being related to the time period between two successive intermediate dates.” These claim limitations clearly differentiate the claimed invention from the teachings of Olsen. The cited portion of Olsen merely determines determining future paths of a time series from a past time series. However, the cited portion of Olsen says nothing about a payoff value that is a function of the *similarity of behavior* between two underlying assets.

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<sup>1</sup> Applicant’s representative believes the examiner intended to cite to ¶ [0021] and not [0004].

In sum, there are significant differences between Olsen and claim 1. For at least the foregoing reasons, Applicant requests reconsideration and withdrawal of the rejection of claim 1.

Regarding independent claim 9, Applicant submits that it also patentably defines over Olsen for at least the reasons set forth above with respect to claim 1. In addition, claim 9 was further amended to recite that at least one underlying asset having an associated risk to be hedged and further recites the step of defining a financial product that may be traded *independent* of the at least two underlying assets. Olsen fails to teach this further limitation. For the above reasons, Applicant requests reconsideration and withdrawal of the rejection of claim 9.

Regarding independent claim 17, the examiner maintains that Olsen teaches a product for correlation risk hedging. In particular, the examiner maintains that Olsen teaches:

an expiry date wherein the expiry date has a term that is the same term as a term of the implied correlation. ("Here, we use a specially-designed channel indicator describing the degree to which a recent price development can be described as a channel by counting the number (and amplitude) of oscillations of prices within a given time interval and a range of prices. Olsen US 2002/0123951 A1 U [0285])

Action, p. 7. However, unlike the cited portion of Olsen, the claims recite an expiry date wherein the expiry date has a term that is the same term as the set term of the implied price correlation. The cited portion of Olsen says nothing about the expiry date of a product. Rather, Olsen merely indicates that prices oscillations within a given time interval can be used to describe price action. The claims by contrast set the term as the maturity date of the financial product and not to describe price action.

For at least the forgoing reason, claim 17 patentably defines over Olsen. Reconsideration and withdrawal of the rejection is respectfully requested.

Regarding claims 4, 7, 12, 15, 18 and 20, inasmuch as those claims depend from and incorporate the limitations of their respective base claims, Applicant submits that they also patentably define over Olsen for at least the same reason. Reconsideration and withdrawal of the rejection is respectfully requested.

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**PATENT**

***Claim Rejections - 35 USC § 103***

Claims 2, 3, 5, 6, 8, 10, 11, 13, 14, 16 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Olsen US 2002/0123951 in view of Lange 6,321,212.

Regarding claims 2, 3, 5, 6, 8, 10, 11, 13, 14, 16 and 19, inasmuch as those claims depend from and incorporate the limitations of their respective base claims, Applicant submits that they also patentably define over Olsen for at least the same reason. The addition of Lange does not cure the deficiency presented in the rejection of the underlying independent claims. Accordingly, reconsideration and withdrawal of the rejection is respectfully requested.

**CONCLUSION**

In the view of the foregoing amendments and remarks, Applicants respectfully submit that the present application is in condition for allowance. Reconsideration of the application and an early Notice of Allowance are respectfully requested. In the event that the Examiner cannot allow the application for any reason, the Examiner is encouraged to contact Applicants' representative.

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